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Something wrong in the world



Ian McDonald

FREE TRADE is the religion of the age. In the final analysis free trade is less an economic strategy than it is a moral doctrine. It assumes that the highest good is to shop. It assumes that progress is synonymous with increased economic activity. The exchange of material goods and capital takes precedence over the autonomy and sovereignty, and the culture, of local communities.

Rather than promoting and sustaining the intricate social relationships that create valuable and vibrant communities, free trade theology relies on a narrow definition of comparative efficiency to guide all conduct.

In a world dominated by free trade theology bigger is better and huge is best - the economist Lester Thurow argues that even giant IBM is not big enough for the global marketplace. This obsession with bigness leads logically to that great postulate of free trade: the need for global markets. And another tenet of free trade is that each community and, naturally, each nation must specialise in what it does best to the virtual exclusion of otherwise worthwhile activities.

What are the implications of such tenets? That bigger is better. That material self-interest drives humanity. That dependence is better than independence. In sum, we live to trade. We give up sovereignty over our affairs for a promise of more goods in total.

Perfectly sensible, extremely intelligent people seem not to perceive that something fundamentally wrong is going on in the world. Just when the doctrines of free trade and globalisation seem so dominant, the absurdities they give rise to are becoming more evident. A presumed benefit of free trade is a higher standard of living. Well



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more evident. A presumed benefit of free trade is a higher standard of living. Whose standard of living is being considered? Inequality between, and in most cases within, countries has increased and is increasing. In 1930 the per capita GNP ratio between developed and undeveloped countries was 4 to 1, now it is 8 to 1. The richest 20 per cent of the world's population today is earning 82 times more than the poorest 80 per cent - up from 30 times more in 1964.

Never mind, we are told, vast wealth is being created by unfettered free trade and a rising tide lifts all boats - to use that hideously misleading cliché so often employed by the new cultists. But the share of world trade captured by the United States over the last 20 years has increased dramatically while the least developed countries have seen their share cut in half. A great many boats are being swamped not floating higher.

Nor is the problem limited to inequalities among nations. Increasingly the dominating economic entity in the world is the huge transnational corporation. Two-thirds of international trade now involves transnational corporations and one-third involves trade within transnationals. And, as UNCTAD has noted recently, small and medium-sized enterprises employing the majority of the world's workers are faring badly against the giant transnationals.

Can there be any doubt that by far the chief beneficiaries of free trade theology are the developed countries, principally the USA, and the huge transnational corporations? Why on earth then is this theology so unthinkingly accepted by nearly everyone else as well?

As the evidence mounts that globalisation - unbridled free trade and market forces as supreme arbiters in human affairs - brings increasing misery to a huge majority of people in the world, still too many of our spokesmen go about in a trance of self-delusion declaring that we must surrender our lives and the future of the world to this awful juggernaut.

If things continue as they are going, forces unleashed by globalisation will obviously benefit a few thousand billionaires and the large multinational corporations which are increasingly calling the shots in the world today. Some scores, even perhaps hundreds, of million of people, especially in the already rich countries, will no doubt also benefit. But remember that the world is made up of billions of people, most of them living in very poor countries, and the huge majority of these are not benefiting in the slightest.

The trend is absolutely clear. The small minority of the world's rich will get increasingly richer while the great majority of the world's poor will continue to get poorer. This process seems even to be accelerating as the forces unleashed by globalisation grow more uninhibited. In 100 poor countries incomes are lower now than they were 10, 15, 20 and even 30 years ago.

Why then do even some of our own best spokesmen lecture us that we must accept all this? I cannot comprehend it, unless it is that they all hope that we will somehow all be winners simply by being exhorted to be winners. Sadly, as we fanatic supporters of the West Indies cricket team can testify, wishing something does not always make it happen.

It is clearly time to question the validity of the doctrine of free trade as it is practised now and its creation, the global economy, as it is currently emerging. There must be an intellectual revolt which eventually convinces those who wield power in the world - those, for instance, who control the WTO - that the direction in which we are



headed will lead only to limitless misery for most of humankind.

Who can doubt that globalisation, in the sense of the universal spread of technology and knowledge, is potentially a good thing for mankind. But equally who can doubt that globalisation in its current manifestation is not so much spreading technology, knowledge and therefore wealth as much more concentrating it. This is what must be changed. To do this globalisation needs to take a new direction. In recent months there have been a few tentative signs that this realisation is beginning to dawn. But, as Martin Luther King said in another context, there is a long way to go to the high morning sun.

In changing direction we must speak of values. Human beings are undoubtedly acquisitive and competitive, but they are also caring and co-operative. Yet more and more

human relationships have been converted simply into commercial transactions. This is neither a necessary nor a beneficial development. The unimpeded mobility of capital, goods and raw materials - especially when these are not accompanied by the unimpeded mobility of labour - is not the highest social good. We must challenge the dreadful emptiness of free trade for free trade's sake. We must promote a new idea: economics as if community matters.

Ian McDonald is a regular contributor who lives and works in Georgetown, Guyana.

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